

**CONFIDENTIAL**  
**DRAWER**

6620  
H-10-35

September 27, 1935.

Morning Translation.

Journal de Shanghai :-

Struggle for Control of Banks

A lively struggle is going on at present between the financiers of T.V. Soong's Group and the financiers of an independent group.

T.V. Soong is seeking to secure the control of the ten large banks which are permitted to issue bank-notes, namely, the Central Bank of China, the Bank of China, the Bank of Communications, the Commercial Bank of China, the Ningpo Commercial Bank, the Chinese Agricultural and Industrial Bank, the National Commercial Bank, the National Industrial Bank of China, the National Land Development Bank and the China and South Seas Bank.

Control of these banks will bring with it authority to maintain a close supervision of all Chinese banks and this will eventually lead to the right to issue notes being allowed to the Central Bank of China only.

The group led by T.V. Soong and H.H. Kung at present control the following State banks: the Central Bank of China, the Bank of China, the Bank of Communications, and the National Commercial Bank as well as the following private banks: Chekiang Industrial Bank and the Ningpo Commercial Bank.

The large independent banks are: the Shanghai Commercial and Savings Bank and the China and South Seas Bank with the following three banks which are affiliated with the two former banks: the Kingchen Banking Corporation, the Gabelle Bank and the Continental Bank.

It is believed that sooner or later the large independent banks will be obliged to submit to control by the T.V. Soong Group.

J. Fantos.

SHANGHAI MUNICIPAL POLICE.

SHANGHAI MUNICIPAL POLICE

S. B. REGISTRY.

File No. 6620

No. D

S. 1, Special Branch

Date April 1, 1935.

**SECRET**

REPORT

Subject National Government takes over control of the Bank of

China and Bank of Communications

Made by D.S. McKeown

Forwarded by

H. Gault

The National Government has decided to allot \$25,000,000 to the Bank of China and \$10,000,000 to the Bank of Communications, ostensibly to strengthen the position of these two Chinese banks but actually in order to obtain full control over Chinese financial circles. General Chiang Kai Shek deems this exclusive control necessary in view of the failure of the negotiations to obtain a loan abroad.

The capital of the Bank of Communications, which is composed of \$8,000,000 subscribed by individuals, and \$2,000,000 subscribed by the Government, will be increased by this fresh allotment to \$22,000,000. The Manager, whose name is Tang Shen-ming (唐壽民), being on good terms with the Government, raised no objection to the proposal.

The Bank of China originally had a capital of \$25,000,000, \$20,000,000 of which was subscribed by individuals and \$5,000,000 by the Government. The new allotment of \$25,000,000 by the National Government will increase the Government's subscription to \$30,000,000 and definitely establish its control over the bank.

Hitherto the shares of the Bank of China have yielded 7% per annum but the return on the new bonds will only be 6% per annum, thus the rate of interest on all shares will be reduced by 1%. This change was strongly opposed by Chang Kung Chuen (張公權), Managing Director of the Bank. In order to overcome this opposition, General Chiang Kai Shek sent Chang a warning that he would be dealt with as a reactionary if he did not leave Shanghai

Handwritten initials and signature.

SHANGHAI MUNICIPAL POLICE.

File No.....

REPORT

.....Station,

Date.....19

Subject.....

Made by.....Forwarded by.....

- 2 -

within three days.

As a result of mediation with General Chiang by Tu Yueh-shen and Mayor Wu, it was decided that Chang would be allowed to remain in Shanghai. He, however, would be relieved of his post as Managing Director of the Bank of China and appointed Vice-Managing Director of the Central Bank of China. It is doubtful if Chang will assume the new post.

This information was obtained by D.I. Pan Lien-pih.

*M. Brown.*

D. S.

D.C. (Special Branch).

*Commissioner of Police,  
Sir,  
Information.*

*J. H. Brown*  
D. C. 134

*File*  
*J. H.*  
2-APR. 1935

1-APR. 1935

## FURTHER CHANGES IN PERSONNEL OF BANKING HOUSES

Commercial Bank of China's  
New Chairman

### NOW UNDER CONTROL OF GOVERNMENT

Another Chinese bank, which has a note issue, was virtually put under Government supervision yesterday, when Mr. Tu Yueh-sung, director of the Bank of China, and Mr. Koo Yi-ku, a Government appointee on the recently established Native Banks Supervisory Committee, were appointed chairman and general manager, respectively, of the Commercial Bank of China. Both Mr. Tu and Mr. Koo, who are understood to have been recommended by the Ministry of Finance to take charge of the institution, will assume their new posts today. The appointment was officially announced at a directors' meeting held at the offices of the bank, on the Bund, yesterday morning.

An official of the Commercial Bank of China, interviewed by a representative of the "North-China Daily News," stated that the bank has always been and is in a sound condition. Mr. Tu Siao-an, former chairman of the Chinese General Chamber of Commerce, who had been for many years chairman of the Board of Directors of the Commercial Bank of China, resigned owing to illness, as in the case of Mr. Liu Ti-chih, general manager of the Ningpo Commercial Bank, whose posts were taken over by Mr. T. D. Woo and Mr. Churtongh, respectively.

Mr. Tu Yueh-sung, the new chairman, has been a director of the institution, while Mr. Koo Yi-ku, the general manager—a post established only yesterday—was formerly general manager of the Kiangsu Bank. Mr. Pu, the retired chairman, will remain a director of the bank.

#### Sixth Change

The change in the personnel of Chinese banking institutions is the sixth of note since the installation of Mr. T. V. Soong, former Minister of Finance, as chairman of the Bank of China, and the increase in the number of directors of the Bank of Communications and the Central Bank. While these three changes resulted from an increase in the Government capital, no capital has been put into the Industrial Bank of China, the Ningpo Commercial Bank, and the Commercial Bank of China by the Government.

In a notice issued by the Shanghai City Government, Gen. Wu Te-chen, the Mayor, stated that the financial situation had been calmed with the distribution by the Government of \$25,000,000 in Currency Bonds among the native banks in need of financial aid. Any body found to be spreading malicious rumours affecting the market would be severely dealt with by the authorities.

The three representatives of the Native Goods Promotion Committee who interviewed Mr. Hsu Kuo, Vice Minister of Finance, at the Bank of China, expressed their interest in the loan of Government funds to the native banks. Mr. Hsu Kuo, Vice Minister of Finance, expressed his interest in the loan of Government funds to the native banks.

The three representatives of the Native Goods Promotion Committee who interviewed Mr. Hsu Kuo, Vice Minister of Finance, at the Bank of China, expressed their interest in the loan of Government funds to the native banks.

File  
H.K.



April 1, 1935.

Afternoon Translation.

Journal de Shanghai:-

OUTLINE OF THE PLAN OF FINANCIAL UNIFICATION DRAWN  
UP BY THE NANKING GOVERNMENT

China possesses at present three so-called large government banks: the Central Bank of China, the Bank of China and the Bank of Communications. The Central Bank is only a recent creation as compared with the other two banks.

These three government banks are in reality limited liability institutions enjoying the rights of State banks. The Ministry of Finance holds 50% of the shares of the Central Bank and has controlled the bank since its establishment. Although the Ministry of Communications does not hold so many shares in the Bank of Communications, it exercises an effective control over this bank through the statutes.

The position, however, is not the same in the case of the Bank of China. Four-fifths of the shares in that bank belong to private individuals. The Bank of China is the most powerful financial institution in China and enjoys the confidence of the people.

The following table gives the condition of each of these three government banks :-

	<u>Central Bank of China</u>	<u>Bank of China</u>	<u>Bank of Communications</u>
Capital			
1930	\$ 20,000,000	\$ 25,000,000	\$ 10,000,000
1931	\$ 20,000,000	\$ 25,000,000	\$ 10,000,000
1932	\$ 20,000,000	\$ 25,000,000	\$ 10,000,000
	\$ 20,000,000		
Reserves			
1930	\$ 1,352,231	\$ 1,223,058	\$ 2,167,857
1931	\$ 3,496,456	\$ 1,431,653	\$ 2,239,744
1932	\$ 7,166,859	\$ 1,615,396	\$ 2,316,724
Notes in Circulation			
1930	\$ 23,669,228	\$ 203,847,444	\$ 82,893,785
1931	\$ 25,173,349	\$ 191,749,139	\$ 81,098,080
1932	\$ 28,793,994	\$ 184,426,936	\$ 94,500,925
	\$ 39,995,360		
Deposits			
1930	\$ 66,042,175	\$ 465,713,253 (a)	\$ 119,707,058 (a)
		\$ 69,721,896 (b)	\$ 32,278,579 (b)
1931	\$ 89,750,920	\$ 243,560,184 (a)	\$ 123,688,112 (a)
		\$ 174,242,664 (b)	\$ 40,333,900 (b)
1932	\$ 102,937,987	\$ 183,601,057 (a)	\$ 137,476,789 (a)
	\$ 153,981,388	\$ 234,632,048 (b)	\$ 44,737,017 (b)

(a) current accounts.

(b) fixed deposits.

April 1, 1935.

Afternoon Translation.

	<u>Central Bank of China</u>	<u>Bank of China</u>	<u>Bank of Communications</u>
Specie reserve			
1930	\$ 15,172,136	\$ 22,961,482	\$ 36,267,632
1931	\$ 15,772,652	\$ 36,248,358	\$ 38,293,973
1932	\$ 21,787,885	\$ 66,723,019	\$ 51,687,941
	\$ 31,237,092	\$ 51,483,082	
Reserve against issue of Banknotes.			
1930	\$ 19,475,497 (a)	\$ 203,874,444	\$ 82,893,785
	\$ 3,194,000 (b)		
1931	\$ 18,795,349 (a)	\$ 191,749,139	\$ 81,098,080
1932	\$ 23,519,994 (a)	\$ 184,426,937	\$ 94,500,925
	\$ 32,686,360		
	\$ 5,274,000 (b)		
	\$ 7,309,000		
(a) Silver			
(b) Various securities			
Total business done			
1930	\$ 124,336,245	\$ 773,371,618	\$ 275,664,496
1931	\$ 142,331,820	\$ 846,498,388	\$ 287,618,967
1932	\$ 170,318,637	\$ 805,281,332	\$ 323,069,560
	\$ 249,286,943		

By increasing its holdings in these three banks, the government will control 3/4ths of the votes in the Central Bank, 4/7ths in the Bank of China and a majority in the Bank of Communications.

This new situation has permitted the Nanking Government to proceed indirectly with the reorganization of the Board of Directors and the General Management of the Bank of China by appointing T.V. Soong as Chairman of the Board of Directors and General Manager. Chang Kia Ngan, General Manager of the Bank, will be transferred to the Central Bank as Vice Governor.

Dr. H.H. Kung, Minister of Finance, will remain as President of the Board of Directors and Governor of the Central Bank.

The reorganization of the Bank of Communications is equally imminent.

In financial circles, it is believed that the government will proceed as follows in order to realize its programme for the financial unification of the country :-

- 1) To increase its holdings in the three government banks.
- 2) To take in hand the Management of the Bank of China and the Bank of Communications.
- 3) To convert the Bank of China into a special bank for exchange transactions and the Bank of Communications into a government institution for commercial operations.
- 4) Later, the three banks will be amalgamated into a special State bank. The Bank of China will then undertake all the exchange transactions of the enlarged Central Bank of China and the Bank of Communications will undertake all ordinary banking operations.

The reorganization of the Bank of China is being diversely commented upon in Chinese circles. Some congratulate the government's initiative which they regard as a presage of the nation's financial unity; others fear that absolute control of the banks will give rise to abuses on the part of the authorities as had happened in the past.

The Ministry of Finance states that the debenture bonds will be issued at par. 60% of the proceeds (\$60,000,000) will be used as a reserve to increase the capital of the three banks and the balance will be used to repay the advances made by the Central Bank of China to the Central Government.

J. Fantos.

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.
No. <u>D 6620.</u>
Date <u>23</u> / <u>4</u> / <u>35</u>

April 23, 1935.

Morning translation.

China Times and other local newspapers

THE BANK OF COMMUNICATIONS

The capital of the bank of Communications has been increased to the extent of \$10,000,000 as the result of a payment made by the National Government. On April 22 Hu Pih Kong (胡筆江), Chairman of the Board of Directors, was ordered by Dr. H.H. Kung, Minister of Finance, to continue at his post.

The Board of Directors of the bank held a meeting on the afternoon of April 22 at which Tong Zeu Ming (唐壽民), one of the Directors, was re-elected as Managing Director of the Bank.

The Kiangnan Tseng Pao, a Japanese Newspaper in Chinese language, publishes the following report : - 20-4-35

REPORTED WITHDRAWAL OF DEPOSIT FROM  
BANK OF CHINA

Since April 14 Mr. T.V. Soong has been exchanging views with local Foreign bankers on the financial question. As a result, he has secured a promise from the foreign bankers to refrain from exporting silver for the time being.

However, owing to the activities of Communist Army, the Nanking Government have to appropriate a large sum to meet the military expenses in Szechuen and

Kweichow Provinces. Each military official in Szechuen is given \$20,000 or \$40,000 per month. The military expenses for Kweichow are fixed at \$400,000 or \$500,000 per month. Yunnan is also given a similar sum. The Nanking Government is experiencing difficulty in raising the funds.

After the reorganization of the Bank of China, over 30 employees of Chang Kung Chuen's clique were dismissed.

The Bank of Communications will hold a meeting of shareholders to-day to discuss the question of its reorganization.

The chaotic economic condition has caused excitement among depositors with the Bank of China. In consequence, the number of depositors withdrawing money from the Bank of China is increasing daily. Although these depositors have not yet deposited their money with Foreign banks, it is presumed that a monetary crisis will occur in Shanghai before the Dragon Boat Festival.

CHANG KIA NGAU TO TAKE UP THE POST OF  
VICE GOVERNOR OF CENTRAL BANK

At the request of Dr. H.H. Kung, Minister of Finance, Chang Kia Ngau, the former Managing Director of the Bank of China, will officially take up the post of Vice Governor of the Central Bank of China on April 27.

## Bank Shareholders In Annual Meeting

**Government Control Of  
Bank Of China Is An  
Accomplished Fact**

**Close Cooperation In  
Credit Relief Is Seen**

**Directors May Meet To  
Name New Chairman  
This Evening**

Government control of the Bank of China was being officially completed this afternoon at a meeting of shareholders which got under way at the Shanghai Chinese Bankers' Association late in the day.

During the meeting, the resignation of Mr. Chang Kie-ngai, as managing director and general manager of the bank, and his acceptance of his new post as deputy governor of the Central bank was to be announced. Appreciation of Mr. Chang's leading position in Shanghai banking for more than 22 years was expressed.

### Directors To Meet

The shareholders' meeting was to be followed by a directors' meeting, at which time, it has been reliably reported, Dr. T. V. Soong, member of the Standing Committee of the National Economic Council and former Minister of Finance, was expected to be named as chairman of the board and general manager for the Bank of China. The usual procedure would be for a meeting of directors two days after the shareholders' meeting, however.

Measures to be discussed during the meeting although no definite action was expected, included the suggestion that the government might find it advisable to confine the authority to issue notes to those banks in which the Government has direct control, which today would include the Central Bank, the Bank of China and the Bank of Communications, the "big three" of Shanghai banking houses.

### The Annual Report

Use of a portion of the new \$100,000,000 currency bond issue to increase the capital of the Bank of China and other banks, definitely gives the government control of the majority of shares.

The shareholders' meeting, aside from the official announcement of Mr. Chang's resignation as the chief executive and his acceptance of his post at the Central Bank, was to be conducted according to the usual routines. Mr. Li Mong, chairman of the Board of Directors, will make the annual report.

The increase of the government interest in the bank, an accomplished fact, inasmuch as the Currency Bonds with a face value of \$100,000,000 already have been received at the offices of the bank.

The changes caused by the increase of the Government interest in the bank were discussed at a meeting of the Board of Directors which took place yesterday afternoon. It was during that session, it was learned today from reliable sources, that Mr. Chang's resignation as chief executive of the bank was decided upon. It was also learned at the meeting that the acceptance of his new post at the Central Bank was also decided upon.

### Increase Directors

During the meeting, it also was decided to increase the number of Government appointed directors from three to nine persons and to increase the number of Government appointed supervisors from one to three persons. Dr. Soong is to become one of the directors and eventually chairman of the Board of Directors and general manager of the bank.

With the increase of the Government interests in the bank, the capital of the bank has been increased to \$49,712,280 with the Government holding \$30,000,000. The total assets of the bank are represented as \$1,000,000,000 with \$700,000,000 deposits and about \$200,000,000 in banknotes now in circulation.

### Dr. Kung's View

Dr. H. H. Kung, Minister of Finance, when interviewed by the Kuo Min News Agency with regard to the increase of the capital and certain changes in the personnel of the Boards of Directors of the three leading Chinese banks, namely, the Central Bank, the Bank of China and Bank of Communications, stated that it has long been the policy of the Government to further strengthen these three banks.

Dr. Kung remarked that in view of the general depression existing in late years, and the further aggravation of the situation as a result of the recent American silver policy, it is desirable to have the three banks cooperate with one another to the fullest extent in order to assist the money market here.

### Close Cooperation

No significant changes are contemplated in respect to the Bank of Communications except additional Government representation on the Board of Directors.

These changes are made, however, for the purpose of securing fullest cooperation between the three banks, and to provide a solid foundation for the Chinese banking system.

Dr. Kung made it clear that the close cooperation of the three leading Chinese banks has no connection whatever with the Government's policy in respect to the monetary situation and that these three banks will retain their individual entities.

Dr. Kung emphasized that by working together these three banks will be most helpful to the Government in its desire to assist the money market here, which has lately manifested a more healthy condition, and that he is looking toward further improvements in the financial structure of China.

### Nanking Wants Share (Chen Pao)

NANKING, Mar. 29.—The Nanking Chamber of Commerce has decided to fight for a share of the \$100,000,000 Currency Bonds.

The Market Recovery Committee of the Chamber today decided to petition the Executive Yuan to allot \$5,000,000 worth of Currency Bonds in order that the various banks in the city may form a consortium to give loans to the needy shops and industrial plants.

7-11  
4-3-35



## Bank Of China Capital Now \$40,000,000

Additional Government  
Currency Bonds Of  
\$15,000,000

### BANK CONSTITUTION IS REVISED

Increase In Directors Has  
Been Approved; Mr. Soong  
Among Appointees

At a meeting of the Bank of China shareholders yesterday afternoon it was decided to increase the capital of the bank to \$40,000,000 from the present \$25,000,000, the meeting deciding to accept an additional \$15,000,000 in the form of Government share currency loan bonds, bringing the total of Government shares in the bank to \$20,000,000, thus equalling the share capital of private interests. As the result of this decision the constitution of the bank has been revised, bringing the total number of directors to 21, among whom are nine Government appointees, including Mr. T. V. Soong.

The decision was reached at the annual meeting of shareholders of the Bank which was held yesterday afternoon, during which it was disclosed that the net profit for the year was \$1,933,317.01. The original capital of the Bank of China was \$25,000,000 of which \$5,000,000 was subscribed by the Government. Under the proposed currency bond issue of \$100,000,000 it was proposed to allot the Bank of China \$25,000,

000 worth of currency bonds as part of the scheme of the Ministry of Finance for nationalization of the three leading Chinese banks, Bank of China, Bank of Communications and Central Bank of China. Following discussions between the Minister of Finance, Dr. H. H. Kung, and officials of the Bank of China, this sum was scaled down to \$15,000,000 which was approved at yesterday's meeting. The Government will now hold 50 per cent. of the bank's capital.

### Government Nominees

According to the Central News Agency the nine Government appointees of the bank directorate are:

T. V. Soong, Yeh Tso-tang, Chien Hsin-tse, Tu Yueh-sen, Wu Ta-chuen, Hsi Teh-mao, T. L. Soong, Hu Pi-chiang and Wang Pao-lun.

The three government appointed Supervisors are: Li Chueh, Chao Chi-yen and Wang Yeh-sung.

Before the Government decided to increase the capital holding of the Bank of China by the issuance of the 24th Year \$100,000,000 Currency Bonds, of which \$25,000,000 were to be allotted to the Bank of China, there were only three government appointed Directors and one government appointed Supervisor.

### Private Interests

It was announced yesterday that the 12 directors representing the private shares were Messrs. Li Min, Chang Kia-ngau, Feng Kan-kwang, Soong Han-chang, Chen Hui-sen, H. H. Kung, Hau Chen-mien, Pien Su-sung, Yung Chung-chin, Chou Tso-min, Tsu-yee Pei and Chou Liang.

Mr. Chang Kia-ngau, general manager of the bank, has resigned, while Mr. Li Min, chairman of the board of the bank, will do so shortly. Well-informed quarters, however, believe that they will serve on the Standing Committee of the Board which will be elected to-morrow.

The annual report of the bank was passed at yesterday's meeting but was released for publication on Monday.

31-3-35

SECRET - NOT FOR PRESS PUBLICATION

SHANGHAI MUNICIPAL POLICE

SPECIAL BRANCH

....

Intelligence Report

Political

March 29, 1935.

Movement of Notables

From Nanking

Arrived at 11.30 p.m. March 28:-

Liu Vee Ts, Vice Minister of Industry.

Arrived at 7.25 a.m. March 29:-

Sun Fo, President of the Legislative Yuan.

Chu Ming Nyi, member of the C.E.C. of the Kuomintang.

Fu Ping Zang,

-do-

Tang Yeu Jen, Vice Minister of Foreign Affairs.

24th Year National Bonds to be floated by Ministry of Finance to the extent of \$100,000,000.

The Administrative Yuan of the National Government on March 26 passed a resolution authorizing the floating by the Ministry of Finance of the 24th Year National Bonds to a face value of \$100,000,000. These bonds will be issued officially on April 1, 1935, in denominations of \$100, \$1,000, and \$5,000, carrying interest at 6% per annum payable every six months. Increased customs returns will be set aside as security for the bonds, the maturing of which will be determined by ballot over a period of ten years.

Of the \$100,000,000 thus raised, \$30,000,000, \$25,000,000 and \$10,000,000 will be allotted respectively to the Central Bank of China, the Bank of China and the Bank of Communications, leaving a balance of \$35,000,000. Of this last sum, \$2,500,000 will <sup>be</sup> appropriated as the Ministry's contribution to the Bankers' consortium formed to meet the application of local industrial and commercial circles for small loans on trust. The

March 29, 1935.

Political (2)

remainder will be used partly to pay off the loan previously advanced by bankers to the National Government and it is stated that the <sup>final</sup> balance will be used in exploiting the South-West regions of China. In reality however, the last sum will be used to defray military ~~expend~~ expenditure in Szechuen consequent on the forces of the National Government taking over from the local militarists in the central part of that province in February, 1935, as part of the drive against the "reds".

In connection with the establishment of a bankers' consortium, local banks will raise a further \$2,500,000, making a total of \$5,000,000, to be used for the relief of Shanghai traders.

The consortium is expected to be established in the middle of April.

4th Branch Association of 2nd Special District  
Citizens' Federation - Meeting

At a meeting held by 11 members of the 4th Branch Association of the 2nd Special District Citizens' Federation at their office, No.132 Rue Eugene Bard, between 4 p.m. and 5.30 p.m. March 28, the following resolutions were discussed and passed :

1. That the increase in the telephone rate be opposed and that the Federation be urged to hold a general meeting in the near future to discuss measures to further the opposition.

CONFIDENTIAL  
DRAWER

SHANGHAI MUNICIPAL POLICE

S. B. REGISTRY.

D 6620

April 10, 1935.

Morning translation.

T. V. Soong Interviewed

In an interview with newspaper reporters at 10 a.m. yesterday, Mr. T.V. Soong, member of the National Economic Committee and concurrently Chairman of the Board of Directors of the Bank of China, denied the report that the National Government would assume economic control after increasing the capitals of the Central Bank, the Bank of China and the Bank of Communications, and stated that the increase in the capital of the three banks had been decided upon in 1929.

Continuing, Mr. Soong said, "The Central Bank, the Bank of China and the Bank of Communications are considering measures for the relief of local industrial and commercial enterprises. I have no knowledge of a report that the Government will exercise control over the issuing of banknotes by banks. I am of opinion that this control will be exercised over provincial banks only".

Mr. Soong has cancelled his proposed trip to Szechuen and as soon as the affairs of the Bank of China have been put in order, he intends to inspect the branch offices of the bank at various ports.

Central China Daily News (official organ of Wang Ching Wei)  
and other local newspapers :- 3-4-35 (Morning)

### THE REORGANIZED BANK OF CHINA

Mr. T.V. Soong, the new Chairman of the Board of Directors, and Mr. Sung Han Chong, the new General Manager of the re-organized Bank of China, formally assumed their posts at 9.20 a.m. yesterday. At 10.30 a.m. they received the important members of the staff. It is believed that following the reorganization of the Bank, improvements will be introduced but no changes will be made in the staff.

In an interview with newspapermen, Mr. T.V. Soong denied the rumour that the government would adopt a policy of inflation following the increase in the government's holdings in the Bank of China, the Bank of Communications and the Central Bank of China. He stated that the government would continue to adopt the silver standard and that no economic policy unsuitable to China would be introduced.

The increase in the government's holdings in the Bank of Communications to the extent of \$10,000,000 will be discussed at a meeting of shareholders of the Bank to be held on April 20. It is believed that the present Board of Directors and the General Manager of the bank will not be changed but the appointment of a Chairman for the Board of Directors will be decided at a meeting to be held later.

April 2, 1935.

Afternoon Translation.

Shun Pao and other local newspapers :-

### MEETING OF NEW BOARD OF DIRECTORS OF BANK OF CHINA.

The new Board of Directors of the Bank of China held a meeting at 4 p.m. yesterday. Seventeen directors, 9 representing the Government and 8 representing merchants, were present. Dr. H.H. Kung, Minister of Finance, presided.

The following resolutions were passed :-

- (1) That the resignations of Mr. Chang Chia-ngau as Chairman of the Board of Directors, and of Mr. Lee Foh-sung as Director, be accepted.
- (2) That Messrs. Zien-Sing-ts, Wong Pao-lung, Tu Yuet-sen, T.V. Soong (representing the Government), Feng Keng-kwang, Soong Han-tsaung and Zung Hwei-tuh (representing merchants) be appointed as Managing Directors.

In accordance with the regulations, Dr. H.H. Kung has appointed Mr. T.V. Soong as Chairman of the Board of Managing Directors.

At a meeting of the Board of Managing Directors (Mr. T.V. Soong presiding), it was resolved to appoint Mr. Soong Han-tsaung as General Manager of the Bank of China.

March 30, 1935.

Morning Translation.

Shun Pao and other local newspapers :

T. V. SOONG AND SIR VICTOR SASSOON'S SCHEME.

At his residence yesterday morning Mr. T.V. Soong received local financial leaders, including Yih Tsoh Daung (葉琢堂), Tang Shou Ming (唐壽民), Li Foh Sung (李福壽) and Zih Tuh Mow (席德懋) with whom he discussed the stabilization of local finance and the proposals of Sir Victor Sassoon for the relief of the situation.

Later Mr. Soong released the following information to newspaper reporters:- "In his scheme for the relief of the financial stringency in Shanghai, Sir Victor Sassoon suggests the issue of Shanghai pound notes. Personally I am of the opinion that this scheme, if put into effect, would be liable to upset China's finance because it will add another form of currency to the ones already in use. I do not agree with Sir Victor's scheme; the Ministry of Finance will likewise disapprove. The present instability of China's finance is due to the inconsistent state of mind on the part of the people; therefore to stabilize the financial situation, it is necessary first to remove this condition. I am examining the proposals of local real estate owners to issue bonds to the amount of \$450,000,000 to find out whether this would relieve the market. It has long been the intention of the Government to induce the Central Bank, the Bank of China and the Bank of Communications to amalgamate so that there will be one central unit to deal with critical situations when they arise. The Government has appointed Mr. Chang Kung Chun as Deputy Governor of the Central Bank; and I shall be appointed as a director of the Bank of China because the bank's regulations stipulate that the Government has the right to appoint directors to the bank. There will be no change in the present system of the Bank of China. The report that the Government will appoint me as Chairman of the Board of Directors and concurrently General Manager of the bank is incorrect. It has not yet been decided whether the government will appoint directors to the Bank of Communications."



Shanghai Morning Post (official organ of Gen. Chiang Kai Shek)  
and other local newspapers: 69-3-35 (afternoon)

#### BANK OF CHINA TO BE RE-ORGANIZED

The Ministry of Finance has decided to issue on April 1 debenture bonds amounting to \$100,000,000. Of this amount, \$30,000,000 will be handed to the Central Bank of China, \$25,000,000 to the Bank of China and \$10,000,000 to the Bank of Communications in order to strengthen the financial position of the banks. In consequence, the organization of these three banks will be changed.

5 Chang Chia Ngau (張嘉璈), Managing-Director of the Bank of China, has now been appointed Vice-Governor of the Central Bank of China. It is said that T.V. Soong will be appointed Managing-Director of the Bank of China.

A report was current yesterday to the effect that the Bank of China and the Bank of Communications will be re-organized.

Information secured from a certain banking source shows that the appointment of Chang Chia Ngau, Managing-Director of the Bank of China, to the post of Vice-Governor of the Central Bank of China was made with the object of expanding the business of the Central Bank. The Ministry of Finance expects him to resign from the post of Managing-Director of the Bank of China.

Shareholders of the Bank of China earnestly hope that Chang Chia Ngau will not leave the bank as he has rendered valuable service.

The Bank of China will hold a meeting of shareholders on the afternoon of March 30 at the Bankers' Association when the increase of the Government's shares by \$30,000,000 and the appointment of a new Managing-Director of the bank will be discussed.